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An Interregional Model of Foreign Tourism in China

by Eleftherios ATHERINOS, Athens (Greece)

Master in International Sectoral Economics by USC (Spain)
Master of Arts in Contemporary Chinese Studies: Economics and Business.
University of Durham (UK)

Abstract

This paper analyses the distribution of foreign tourism in China for the years 1999 and 2000, and shows the high degree of concentration in some coastal regions. The positive trend in the number of foreign tourism arrivals implies important possibilities for the increase of tourism activities also in other interesting areas of the country. An econometric model relates the number of arrivals in year 2000 with its lagged value, the number of hotels and some dummy variables related with airport entrance and the coastal situation, showing the positive and significant effect of the explanatory variables.

1. HISTORICAL COURSE AND PRESENT CONFIGURATION OF THE REGIONAL DIVIDE IN CHINA

China is administratively divided into 31 localities among which 22 provinces (Hebei, Shanxi, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hubei, Hunan, Guangdong, Hainan, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai) four municipalities (Beijing, Tianjin, Shanghai, Chongqing) and five autonomous regions (Inner Mongolia, Guanxi, Tibet, Ningxia-Huizu and Xinjiang-Uygur) In this study, we will follow Wen and Tisdell (2001) in the partition of China's thirty one localities among coastal and inland with one exception within the lot of the inland regions, namely we will regard China's twelve coastal localities as being the following: Liaoning, Hebei, Beijing, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong, Guangxi and Hainan but, where appropriate, we will consider Chongqing municipality—separated from Sichuan province in 1997—as separate and not as part of Sichuan province. Hong Kong and Macao are China's special administrativeve regions which although returned to the Chinese mainland in 1997 and 1999 respectively are still treated as such and their citizens as compatriots. Taiwan's nationals/citizens are also viewed by the PRC as Chinese compatriots.

This spatial division into coastal and inland areas is used by the Chinese government in its official publications and five-year plans and its origins date back to 1950 when China was for the first time divided into coastal and inland areas, according to the degree of industrial productivity. Administratively, the most recent division according to this scheme came in the middle of the 1980s, when the country was split into three regions comprising of the East coast (which roughly coincides with what we regard here as coastal area), Middle Inland and West.

The PRC's coastal area is rich in human resources and technological capability; this coupled with its high productivity has turned the region into a producer in the secondary sector of the economy (industry) whereas the hinterland is still a primary (agricultural) producer. Uneven distribution of resources is usually a primary cause of inequality but paradoxically, in the Chinese economy, the low per capita mineral resources of the coastal area are more than compensated by price distortions. The coastal metropolises of Guangdong and Shanghai exhibited high rates of capital accumulation partly because these cities have always constituted the pole of attraction of overseas Chinese[1], who gradually became the most important source of foreign direct investment. Such an investment became feasible with the opening Deng Xiaoping´s opening to the outside world in 1978.

In the early 1960s, political reasons had in fact counterpoised this incipient economic gap between inland and littoral because the coastal area was neglected on the grounds of its geographical proximity to the then enemies of China, namely the US and the USSR. Indeed, under the Maoist fiscal system, known by the name of "control over revenue and spending" (*tong shou tong zhi* 统收统支), Shanghai and Liaoning (coastal localities) kept only 10% and 18% of their revenues in 1972 whereas Yunnan, Guizhou, Anhui, Xinjian, Gansu and Tibet (inland provinces) retained all their revenues and subsidies (Tisdell and Wen 1991).

With the reform of 1978, the policy of investing in inland China in order to build up "the third frontier" so as to resist the US and USSR shifted to the opening to the outside world and "the ladder step" doctrine. This doctrine favoured allocation of investment to the regions which enjoyed comparative advantage of capital productivity and externalities, (in other words, to the East coast) with the prospect of the benefits trickling down to the central and western regions. The establishment of Four Special Economic Zones, the opening, in 1984, of 14 coastal cities, the creation of the majority of township and village enterprises on the coast and the opening, in 1985, of three river deltas (Yangtze, Pearl and Minnan) materialised this policy. In the period 1979 to 1990, the coastal regions received over 90% of the foreign direct investment in China while the inland regions got less than 10%. (Wen and Tisdell, 1996a and 1996b) Expectedly, there

[1] "This term has two meanings: (a) Official Chinese government statistics consider 'overseas Chinese' to be Chinese nationals residing in foreign countries but maintaining citizenship of the People' s Republic of China as well as a PRC passport. (b) The popular use of 'overseas Chinese' refers to ethnic Chinese who are citizens of countries outside of China, Hong Kong, Macao and Taiwan. These overseas Chinese do not hold PRC passports." (Lew and Yu 1995: 248). Note that the official Chinese (but not WTO or WB) statistics overseas Chinese are distinct to Hong Kong, Macao and Taiwan compatriots.

was a consequent raise in disparity between coast and interior. Chen and Fleisher (1996) argue that in the period 1978-1993 there was convergence of per capita income within the inland and non-inland groups but not between them, predicting that China's overall regional inequality is probably to decline modestly but that the income differential between coastal and non-coastal regions is likely to increase. On the contrary, the World Bank showed that the disparity within rural China gradually declined between 1978 and 1982 but rose steadily thereafter.

Presently, the littoral area as defined above hosts 41.3% of China's population and produces about 54% of its national income while it occupies less than 14% (13.6%) of the nation's land area as the table and map that follow demonstrate.

Table 1: Geographical and Demographical proportions of the coastal region

Coastal Regions		
Locality	**Area ($1000km^2$)**	**Population (million)**
Beijing	16.8	13.82
Tianjin	11.3	10.1
Hebei	190	64.84
Liaoning	145.7	41.16
Shanghai	6.185	13.58
Jiangsu	102.6	71.1
Zhejiang	101.8	43.43
Fujian	120	32.61
Shandong	153	90.79
Guangdong	186	69.61
Guangxi	236.3	45.89
Hainan	34	7.34
Total coast	**1303.685**	**504.27**

Source: Media China Net. 2002
Data for all regions in Atherinos(2003)

Source of the map: Pei (Undated)

2. Contribution of the degree of disparity of demand-side tourism to regional economic inequality

A way to judge the contribution of tourism to regional inequality is by comparing tourist indicators on the demand side with the socioeconomic indicators, and contrast the weighting of each to the country's total. According to data for 1995 (year for which all the relevant magnitudes are available), the twelve coastal localities produced 58.3% of the GDP in absolute terms but accounted for a significantly larger proportion (87.4%) of the tourist receipts and an even larger (88.1%) proportion of the hotel revenue. The GDP per capita that the coastal region accounted for was less than one and a half times the figure for the whole of China but the tourist receipts per capita were two and a quarter times the national figure. Likewise, the density of inbound tourists, that is, the number of tourists per 1000 inhabitants, comes out as 193% times the national average and the absolute number of tourists equals 79.7% of the whole of China (Wen and Tisdell 2001) Not to forget that the coast hosts 41.3% of the total population (by coincidence, the ratio of the coastal population to the total population for the years 1995 and 2000 turned out to be the same), while the geographical area it occupies amounts to a mere 13.62% of the national territory (as shown in table 2.4)

It can therefore be seen that demand side tourism variables are even more poised in favour of the coastal areas than the socioeconomic variables. In other words, tourism in coastal China exhibits greater localisation on the coast than the already heavy concentration of general economic activity there. We will try to rationalise this heterogeneity pattern.

As far as the urban centres which concentrate the largest number of foreign tourists are concerned, it is natural to expect the foreigners to crawl to a handful of cities, which constitute the most popular tourist destinations there, namely Beijing, Shanghai, Guangzhou, Xi'an, Kunming and Hangzhou. (This order, sourced from Guojia Lüyouju, 2000, is for the year 2000) Note that except for Xian, the capital of Shaanxi, (where foreign visitors comprised three quarters of the total visitor count in 1991) and Kunming, the capital of Yunnan, the remaining cities belong to coastal provinces. Note that Guilin is no longer at the same position as the beginning of 1990s when it preceded Xi'an. According to earlier statistics (Gormsen 1995), the old canal cities of Nanjing, Suzhou, Wuxi and Hangzhou with their historical urban patterns, located in the eastern lowlands, follow in popularity. Nevertheless, observing the trend of concentration of tourists to major cities in the period 1992 to 1997,[2] we detect greater dispersion evidenced as greater percentage growth of foreign visitors in secondary destinations, like Qinhuangdao (Hebei province), Changsha (capital of Hunan), Nantong (Jiangsu province), Shijiazhuang (capital of Hebei) and Sanya (Hainan) than in the aforementioned classical destinations. However, the case remains that these new poles of attraction are cities of coastal provinces.

Hence, this diversification reflects nothing more than the natural tendency to avoid repetition and explore new places and in no way does it challenge the primacy of Beijing, Shanghai and Guangzhou. What is more, around that period, the diversification of destinations coincided with the flourishing of Special Economic Zones, established in the 1980s, which served as "experiments in capitalism". Zhuhai (adjacent to Macao) and Shenzhen are two representative cases among them. The latter offers two special attractions: The first is "Splendid China", which claims to be the world's largest miniature scenic spot, exhibiting miniatures of almost 100 of the best known Chinese buildings and landscapes over a 30-hectare area. The second is the "China folk Culture Village" a folkloric "Disneyland" functioning as an open air museum over an area of 18 hectares whose aim is to show the traditional folk dances, theatres and festivals displayed in the style of 21 national minorities. It targets visitors who do not have the time to physically visit the inland areas where the above mentioned minorities reside (Xu and Gormsen 1999). So substitute-type tourism, which developed in the coastal area owing to man-made attractions, "sucks" potential visitors to inland areas and is thus reinforcing disparity. It can be argued however that the Special Economic Regions directly compete with the metropolises of Beijing, Shanghai and Guangzhou for a specific quota of international tourists who aim for the typical places of a comprehensive travel pack, so by

[2] The reason why 1992 is taken as the start of the period is that it was when sanctions and travel alerts against China by many Western countries due to Tiananmen Square Incident were either cancelled or significantly reduced. (Wesley 1995).

definition they hold comparatively little appeal for that group of foreign tourists who would have anyway opted for inland destinations and eco-folklore tourism.

Several short-haul visits are sometimes destination specific and the destinations do not coincide with the metropolises, yet luck has them located in non-inland regions. For instance, Korean visitors concentrate in Yanbian, which is an ethnic Korean autonomous city in the Northeast of China as well as in the Bohai Bay region for reasons of proximity with Korea. Likewise, a majority of Thai visitors opt for Shantou, (which happens to be in Guangdong province) a hometown of a large number of Chinese descendants in Thailand. For the same reason, visitors from Thailand also constitute the largest share of foreign hotel arrivals in the capital of Yunnan province, Kunming. Likewise, Xiamen in Fujian province is the third most visited place among travellers from the Philippines (18%) and from Singapore (10%) (Gormsen 1995).

Nevertheless, the intensity of such visitation has diminished and the tendencies of Japanese to concentrate in Dalian, Singaporeans in Fujian and Russians in Harbin are giving way to more diversified travelling. Guangzhou is now widely visited by Malay, while contemporary Japanese show a predilection for Shanghai, the same as the Filipinos. Russians prefer Heilongjiang and Inner Mongolia obviously for reasons of geographical proximity, while the first choice of the Westerners (Americans, Australians, French, German and British) is Beijing. (Zhongguo Lüyou Nianjian 2000) Whatever the case, it can be seen that the vast majority of these popular destinations lie in the coast, and Yunnan once more figures among the exceptions.

3. Manmade and natural tourist resources and regional disparity

One of the reasons of congestion into the three large cities of Beijing, Shanghai and Guangzhou is their function as gateways to the country. As capacities of Beijing's Capital Airport and Guangzhou's Baiyun Airport had long been exceeded, China, in the end of the nineties, initiated construction of 32 airports to decentralise airport entry and hence improve the low profile status of inland regions in as much as this was due to handicapped access.[3] According to the NTA, already by the end of 1992, there were 888 cities and counties open to overseas visitors and over 500 points of entry and exit in the country. (Wen and Tisdell, 1996a)

Besides, it has been demonstrated that tourist receipts seem to be more related to the entrance factor than to sightseeing sites. Firstly, that is supported by the significant impact of the dummy variable, DEN, (representing the influence of the three entry points) on the regression of tourist arrivals against the number of hotels presented in the regional econometric models of the next section. Secondly, according to a poll conveying the interest in tourist natural resources expressed by inbound tourists (Guojia Lüyouju 2001), the scoring of Shanghai and Guangdong for their wealth in sceneries of mountains and

[3] The heavy concentration of airport load in 40 top airports which served 90% of the inbound travellers in 1994 is in the process of changing.

rivers, cultural relics and historic sites, cultural art and festival activity were on average 24.5% and 23% respectively compared to 49.3% of Yunnan which also has got an airport at its capital Kunming. Yet, the two coastal cities together earned nearly 40% of international tourist receipts in 2000 and Yunnan less than 2.4%. (China National Tourist Office 2002a)

Testimony of the concentration of the manmade tourist resources in the coastal region bears the great number of theme parks such as China Folk Culture Village, Valley of Happiness, Miracle of World, Towns of the Song Dynasty, Towns of the Tang Dynasty, Wu Culture Park and Suzhou Entertainment Park to state but a few which are situated in China's more economically open and advanced regions of either the Pearl River Delta, either the Yangtze River Delta (Jiangsu province) or the region surrounding the Bohai sea (around Beijing and Tianjin municipalities, Liaoning, Hebei and Shangdong provinces). Likewise, the tourism resorts which were created from 1993 onwards include Silver beach Resort in Beihai (Guanxi autonomous region), Yalong Bay Resort in Sanya (Hainan), Meizhou Island Resort in Putian (Fujian), Golden Stone Beach Resort in Dalian (Liaoning), Stone Old Man Resort in Qingdao (Shandong), Heng Sha Island (Shanghai), Hangzhou River Resort (Zhejiang), South Lake Resort in Guangzhou, Suzhou Taihu Resort and Wuxi Taihu Resort (both in Jiangsu), Wuyi Mountain Resort (Fujian) and Dianchi Lake Resort in Kunming, the capital of Yunnnan. (Xiao 2003)All apart from the last one are situated in coastal provinces.

The general spatial configuration of China's natural resources is not subjected to the dipolar heterogeneity scheme that we are discussing. There is no intrinsic shortage of natural tourist attractions in the Western Interior region. Indeed, of the eighty-four Scenic Wonders and Historical Sites approved by China's State Council, thirty-four, i.e. only 40% are situated in coastal regions and the rest 3/5 are situated in the interior as the following list testifies.

Nor is the inland region as a whole, deficient in most preferred tourist sites in the country, as is apparent in the second list. On the contrary, there is balanced distribution of the most favoured tourist spots, 21 of them (or 52%) being located inland and the rest 19 being located in the coastal region. Nor is the inland region as a whole, deficient in most preferred tourist sites in the country, as is apparent in the second list. On the contrary, there is balanced distribution of the most favoured tourist spots, 21 of them (or 52%) being located inland and the rest 19 being located in the coastal region.
Of course, if correlated with the geographic extension of the coastal region, both partitions discussed above are uneven at the expense of the hinterland, since, as we saw before the littoral area takes up less than 14% of the nation's land. Under this light the small ribbon of the coast is disproportionately more endowed than the vast inland area.

List 1: Eighty-four Scenic Wonders and Historical Sites Approved by China's State Council in 1982 and 1988 (Arrangement by locality)

Beijing	1	Badaling/Shisanling (Ming tombs)
Tianjin	0	
Hebei	4	Waibamiao (Imperial Summer Villa), Mt. Cangyan, Wild Three Hills, Qinhuangdao-Beidaihe
Shanxi	3	Mt. Wutaishan, Mt.Hengshan, Yellow River Hukou Waterfalls
Inner Mongolia	0	
Liaoning	5	Gold Stone Shoal, Xingcheng Beach, Yalu River, Dalian Beach-Lushun, Mt. Qianshan
Jilin	2	Lake Songhua, Jingyuetan Lake
Heilongjiang	2	Lake Jingbo, Wudalianchi (Five Lakes)
Shanghai	0	
Jiangsu	4	Nanjing's Mt Zhongshan, Mt Yuntai, Lake Taihu, Shugang-Lake Suoxi
Zhejiang	7	Mt. Tiantai, Hangzhou West Lake, Shengsi Liedao (Islands), Mt Yandan, Mt. Putuo, Fuchun River and Xinan River, Nansi River
Anhui	4	Mt. Huangshan, Mt. Tianzhushan (Heavenly Pillar), Mt Jiuhuashan, Mt Langyashan
Fujian	4	Mt. Qingyuanshan, Mt. Tailuaoshan, Gulanyu-Wanshishan (Ten Thousand Rocks Mountain), Mt. Wuyishan
Jiangxi	4	Mt. Lushan, Mt. Longhushan (Dragon and Tiger), Mt. Jingganshan, Mt. Langyashan
Shandong	3	Jiaodong Beach, Qingdao Laoshan Beach, Mt.Taishan
Henan	3	Longmen (Dragon Gate) in Luoyang, Mt. Songshan, Mt Jigong
Hubei	3	Mt. Dahongshang, Mt. Wudang, East Lake
Hunan	3	Wulingyuan, Lake Dongting-Yueyang Tower, Mt. Hengshan
Guangdong	3	Mt. Xiqiao, Mt. Danxia (Rosy Cloud), Star Lake of Zaoqing
Guangxi	3	Mt. Guiping Xishan, Guilin Li River, Huashanfeng
Hainan	0	
Sichuan	10	Mt. Jinfuo (Golden Buddha), Mt. Gongga, Jiamenshudao (Sword Gate Path), Yalong River,Chonqing's Mt. Jinyun, Southern Sichuan's Sea of Bamboo, Mt. Emei, Mt. Qingchengshan and Dujiang Yan, Yellow Dragon Temple and Jiuzhaigou, Three Gorges of Changjiang*
Guizhou	5	Red Maple Lake, Dragon Palace, Huangguoshu (Yellow Fruit Tree) Falls, Zhijin (Gold Embroidery) Cave, Wuyang River
Yunnan	6	Jade Dragon Snow Mountain, Three Parallel Rivers, Mt. Dali Cangshan, Lunan Stone Forest, Lake Dianchi of Kunming, Xishuangbanna
Tibet	0	
Shaanxi	2	Mt. Lishan in Lintong, Mt. Huashan
Gansu	1	Mt. Maijishan
Qinghai	0	
Ningxia	1	Xixiasanling (West Xia Three Tombs)
Xinjiang	1	Heavenly Pond of Mt. Tianshan

*Shared by Sichuan and Hubei. Source: Zhang Y. 1995

List 2: The forty most favoured tourist attractions arranged by locality according to the poll of overseas and domestic tourists in 1991

Beijing	5	The Badaling Great Wall, Forbidden City, Summer Palace, Ming Tombs, Beijing Daguan Garden
Tianjin	0	
Hebei	3	Beidaihe Beach in Qinhuangdao, The Summer Villa (Waibamiao), Shanghai Gate and the Old Dragon Head Gate
Shanxi	1	Hukou falls of the Yellow River
Inner Mongolia	1	Genghis Khan Tomb
Liaoning	0	
Jilin	0	
Heilongjiang	1	Five Great Lakes
Shanghai	0	
Jiangsu	3	Suzhou Gardens, Nanjing's Sun Yatsen Tomb, Confucius Temple and the Qin-Huai River
Zhejiang	2	Hangzhou West Lake (Xihu), Tonglu Yaolin Wonderland
Anhui	1	Huangshan Mt.
Fujian	0	
Jiangxi	2	Mt. Lushan, Mt. Jingganshan
Shandong	2	Mt.Taishan, Qufu Three Confucius Sites
Henan	0	
Hubei	2	The Yellow Crane Place, The Gezhouba Dam
Hunan	1	Wulingyuan
Guangdong	2	Zhuhai Tourist City, Shenzhen's "Magnificent China"
Guangxi	1	Guilin Lijiang River
Hainan	1	The Great East Sea-Ya Long Bay
Sichuan	7	The Three Gorges of Changjiang*, Emeishan Mountain, Jiuzhaigou Yellow Dragon Temple, Mt. Wushan Little Three Gorges, Southern Sichuan Bamboo Sea, Leshan Mountain Great Budha, Zigong Dinosaur Museum
Guizhou	2	Huangguoshu Waterfalls, Gold Embroidery Cavern
Yunnan	0	
Tibet	0	
Shaanxi	2	Huashan Mt, Qinshi Huangdi Tomb and the Terracota Museum
Gansu	1	Dunhuang Mogao Cave Paintings
Qinghai	0	
Ningxia	0	
Xinjiang	0	

*Shared by Sichuan and HubeiSource: Based on Zhang Y. 1995

We notice from both tables of highlighted sightseeing spots that Inner Mongolia, Tibet and Qinghai have absolutely no scenic wonders approved by the State Council. Conversely, however, the cosmopolitan centres of Shanghai—first region in tourist arrivals in density terms for the year 2000—, Tianjin—among the first in per capita and density terms and Hainan—among the first in absolute and per capita terms— also lack scenic wonders and approved historical sites. With respect to the forty voted most favoured tourist spots, there are four coastal provinces (Shanghai, Tianjin, Fujian and Liaoning) compared to seven inland provinces (Jilin, Henan, Yunnan, Tibet, Qinghai, Ningxia, Xinjiang) that are completely deprived of any such attraction.[4]

Hence, on the whole, it is more the shortage of manmade tourist infrastructure that disadvantages the remote regions. For example, the Ningxia autonomous region is the only major region in China where even a medium sized airport is not available and the only one three star hotel opened only very recently. (China National Tourist Office 2002a) Qinghai Province did not have an international travel service until 1983. (Zhang Y. 1995) What is more, if correlated with the geographic extension of the coastal region, both partitions discussed above are uneven at the expense of the hinterland, since, as we saw in the beginning, the littoral area takes up less than 14% of the nation's land.

4. ECONOMETRIC MODELS OF FOREIGN TOURIST ARRIVALS AT THE REGIONAL LEVEL

The regional models we elaborated are typical ordinary least squares-equations for foreings tourist arrivals in an undated sample (i.e. exclusively containing data of the year 2000 or 1999, for 31 regions.

The variables included in the model are:

FTOUR00: foreign tourist arrivals in the year 2000, for each of the 31 localities
FTOUR99: the endogenous variable lagged one period
DEN: Dummy variable representing the entry point factor of the three major airports: Beijing, Shangay and Guangdong.
DCOAST: Dummy variable equal to unity for coastal regions and zero otherwise
DG: Dummy variable equal to unity for the region of Guangdong and zero otherwise.
HOTEL99: total number of hotels per locality in 1999.

The table below provides data for total tourist arrivals by locality, both for the years 2000, and 1999, and for foreign tourist arrivals by locality, as well as for hotels by locality in 1999.

[4] Note that the results of the survey (list 2) do not always coincide with the scenic spots highlighted by the government and both lists are only informative up to a certain limit (E.g. The Suzhou gardens of Jiangsu province although quite popular among tourists do not constitute an approved destination, and conversely none of Yunnan's six approved historical destinations appear to be among the China's most famous tourist spots, although we have demonstrated that Yunnan's tourist industry is one of the province's pillar industries)

Table 2. Total and foreign tourist arrivals, and hotels by locality

	Year 2000		Year 1999		Hotels 1999
	Total arrivals **(10000)**	Foreign arrivals **(10000)**	Total arrivals **(10000)**	Foreign arrivals **(10000)**	
Beijing	2820.9	237.96	252.39	2050.159	375
Tianjin	356.2	32.14	32.08	281.517	84
Hebei	414.3	35.9	37.09	322.236	171
Shanxi	165.3	11.66	13.78	101.081	90
In. Mongolia	391.9	38.74	36.84	363.501	84
Liaoning	612.2	50.05	49.13	386.315	279
Jilin	222.7	19.19	15.95	141.077	131
Heilongjiang	551.7	50.47	40.71	360.583	154
Shanghai	1814	143.9	165.68	1287.280	286
Jiangsu	1609.5	98.15	134.41	804.393	402
Zhejiang	1125.9	64.75	94.78	506.650	405
Anhui	318.4	16.79	25.12	138.292	203
Fujian	1613.3	49.75	135.6	353.045	224
Jiangxi	163.1	5.54	13.86	40.981	95
Shandong	723.1	48.01	62.2	417.911	384
Henan	325	18.21	30.01	160.338	147
Hubei	450.8	35.74	30.54	223.331	320
Hunan	454	15.79	38.58	134.837	198
Guangdong	11989.4	212.85	876.02	1487.716	1193
Guangxi	1229.1	50.8	77.06	370.740	236
Hainan	486.8	9.37	45.65	73.233	231
Chongqing	266.1	19.29	18.49	133.629	65
Sichuan	462	19.97	37.34	179.500	227
Guizhou	183.9	7.12	16.7	65.644	52
Yunnan	1001.1	66.59	104	724.964	603
Tibet	150	13.58	10.08	92.640	45
Shaanxi	712.8	58.48	63.03	501.607	72
Gansu	213.1	14.34	14.46	94.647	51
Qinghai	32.6	1.46	2.05	8.882	15
Ningxia	7.8	0.58	0.6	4.463	37
Xinjiang	256.1	20.84	22.38	190.151	176

Source: China National Tourist Office 2002a

The models estimated are presented below this line:

Model 1.
Dependent Variable: FTOUR00
Method: Least Squares. Sample 1 31. Included observations:31

Variable	Coefficient	Std. Error	t-Statistic	Prob.
HOTELS99	0.260568	0.070414	3.700512	0.0010
FTOUR99	0.995803	0.058802	16.93477	0.0000
DCOAST	28.70963	30.24341	0.949285	0.3509
DEN	190.9922	76.31095	2.502815	0.0187

R-squared	0.987026	Mean dependent var	473.5194
Adjusted R-squared	0.985584	S.D. dependent var	564.0405
S.E. of regression	67.72193	Akaike info criterion	11.38861
Sum squared resid	123829.0	Schwarz criterion	11.57364
Log likelihood	-172.5235	Durbin-Watson stat	2.415032

Model 2.
Dependent Variable: FTOUR00
Method: Least Squares. Sample 1 31. Included observations: 31

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FTOUR99	1.018922	0.053427	19.07132	0.0000
DEN	174.0388	74.06064	2.349950	0.0261
HOTELS99	0.274286	0.068793	3.987097	0.0004

R-squared	0.986593	Mean dependent var	473.5194
Adjusted R-squared	0.985635	S.D. dependent var	564.0405
S.E. of regression	67.60227	Akaike info criterion	11.35693
Sum squared resid	127961.9	Schwarz criterion	11.49570
Log likelihood	-173.0324	Durbin-Watson stat	2.354693

Model 3.
Dependent Variable: FTOUR00
Method: Least Squares. Sample 1 31. Included observations: 31

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FTOUR99	1.125017	0.023080	48.74346	0.0000
DCOAST	45.22913	20.67959	2.187138	0.0372
DG	409.5653	55.21403	7.417776	0.0000

R-squared	0.992873	Mean dependent var	473.5194
Adjusted R-squared	0.992364	S.D. dependent var	564.0405
S.E. of regression	49.28945	Akaike info criterion	10.72506
Sum squared resid	68024.59	Schwarz criterion	10.86384
Log likelihood	-163.2385	Durbin-Watson stat	2.157001

The lowest value of the Sum of Squares of Residuals correspond to Model 3, which shows the significant and positive effect of the coastal situation of the regions and the very special positive effect of the region of Guangdon.

The variable Hotels99 shows positive effect in models 1 and 2, although it did not show significant effect in model 3 due to its high degree of correlation with the other variables included in this model. The increase of supply of hotels usually has a significant effect on tourism, although also the demand pressures explain the concentration of hotels in some regions.

The estimated coefficient of 1.125017 for the lagged value of the endogenous variable in model 3, shows that the average increase in foreign tourism arrivals is very high, with a percentage change of 12.50% in one year.

5. Conclusions

Admittedly, because prerequisites for tourism development such as resources and accessibility market vary over geographical space, a degree of localisation of tourism is regarded unavoidable. The Chinese coastal provinces have experienced spectacular economic progress for reasons such as the attraction of foreign direct investment and the evolution of Special Economic Zones fomented by the strong family connections with prosperous overseas Chinese mainly in Guangdong and to a certain extent Fujian and Zhejiang. Presently, China's seaside zone hosts 41.3% of the population and produces about 54% of its national income while it occupies less than 14% (13.6%) of the nation's land area that translates into a profound economic gap between littoral and hinterland. Tourist promotion seems to have skewed even more economic development.

We computed that the coastal region in 1999 supplied 84% of the total tourist receipts and 82% of the total hotel income (Zhongguo Lüyou Nianjian 2000) maintaining in the former case practically the same quota over the last five years, since it accounted for 86.5% in 1994, and somewhat reducing it in the latter case since it used to represent 87.2%. (Wen and Tisdell, 1997) Guangdong province accounts for an outstanding 30% of the hotel income of the whole of China, reflecting the fact that Chinese compatriots overwhelm the province. Liaoning, Fujian and the recently separated from Guangdong, Hainan island have equally marked a dramatic growth in the sector. Fujian occupied the fourth place in the ranking both in terms of total tourist receipts and arrivals in 2000.

The ratio of tourist arrivals in the coast with respect to the national total is 79.7% for the year 1999, almost double the percentage of the population living by the coast (41.3%) in the same year. Furthermore, tourist receipts in the coastal area per inhabitant are about twice those for China as a whole and that has remained practically the same over the five-year period 1995 to 1999 as we calculated it to be 2.2 for the year 1999 while Wen and Tisdell give it as 2.1 in 1994. (Wen and Tisdell 1997)

We thus appreciate how the development of tourism has accentuated the socioeconomic gap between the twelve coastal regions and the rest of the country. This is especially true for demand side variables (tourist arrivals, tourist receipts) which are biased towards the coast to a much greater extent than the socioeconomic indicators. (GDP, population, area) Although the supply side variables—typically the number of hotels—in general conforms to the same heterogeneity pattern, tourist supply appears to be less prejudiced against the interior. In other words, while the supply of tourism facilities, hotel rooms and support services is more abundant towards the coast, the bias is less pronounced. The coastal regions for example account for 67% of hotel rooms in 1999. The case remains however that the littoral area enjoys an above average income per hotel room in China and more tourists per hotel employee.

At the same time, during the seventh five-year plan (1985-1990), investment in tourism exceeded the objectives; excessive emphasis had been put on the construction of first class hotels, resulting in overcapacity in expensive and shortage in low-priced accommodation. (Wen and Tisdell, 1991) Chinese investors overestimated the demand for luxury hotels on the preconception that high grade hotels are likely to be profitable acquisitions. And of course imbalanced geographical partition of hotels is preconditioning the crowding in the tourist poles of the coastal regions. For example, 20 out of the 260 Suzhou's gardens and scenic spots which have been properly renovated concentrate about 200 thousand tourists daily, while the appropriate capacity is 10 to 4 times less. Similarly, excessive concentration in the Great Wall has led to Badaling holding 4 tourists every square metre. (Wen and Tisdell, 1991) Hence, hotel construction has been out of phase with real and equated demand and given the above discussion this lack of balance has mostly affected the coast.[5]

There is no scarcity of scenic spots and sites for sightseeing in the inland region as a whole; therefore it is not intrinsically disadvantaged in comparison with the hinterland. Indeed, for the most part, the Chinese destinations included in the World. Heritage are almost equally partitioned between coast and interior. The same is true for the eighty-four Scenic Wonders and Historical Sites Approved by China's State Council in 1982 and 1988 as well as the forty most favoured tourist attractions arranged by locality.

[6]That is to say there is almost the same quantity of tourist attractions between coast and interior (in fact there is slightly less on the coast) but obviously the sights of the interior which covers more than 86% of the total area are much more spatially dispersed than their coastal counterpart. There are vast regions with no officially appreciated natural beauties (like Qinghai) just as there are coastal municipalities lacking natural attractions like Shanghai, which concentrates a multitude of tourists just because it constitutes one the major gateways to China thanks to its airport. Manmade attractions distort the balance in favour of the coast where is situated the overwhelming majority of

[5] "Gone are the days when the international tourists had to be transported to a nearby county for an overnight sleep because of overbooking in Beijing" (Zhang Y. 1995: 97-98) In terms of capacity in general the coast still scores better than the interior while at the same time, it is the high grade coastal hotels that sometimes operate under capacity to a severe degree.

[6] Only the seven "key tourist cities" which include only one inland city, Xi'an, are heavily biased at the expense of the interior (Xu 1999)

amusement parks. Nonetheless, the almost exclusive concentration of the seaside recreation on the coast (Beidaihe, Dalian, Qingdao, Xiamen) does not contribute decisively to international tourism growth, being more important for domestic tourist market.

As the econometric analysis also confirmed, the entry point factor, reflected in the exceeded capacities of the airports in Beijing, Shanghai and Guangdong, is an essential cause of an unbalanced distribution of tourists.

Apart from the general trends there are region-specific tourist appeals. Guangdong province owes its prominent position in total tourist arrivals to the links it maintains with overseas Chinese [7]. Guangdong and Fujian are major sources of immigrants from Hong Kong and Taiwan and short haul international visitors have favoured places owing to genealogical reasons. (E.g. Thai visitors to Shantou (Guangdong) a hometown of many Chinese descendants in Thailand) The majority of these concrete destinations happen to belong to the one of the 12 coastal localities, tilting the balance even more.

Perhaps one of the few inland provinces to have scored so remarkably well in the tourist sector is Yunnan which, since the ninth five-year plan, has actively invested on tourism making it the key industry for economic development (more so than in any other province) (Luo 2003)[8] .No wonder that in the year 1999 it possessed the second highest number of hotels in the country, directly competing with the coastal provinces; besides it is always situated among the top eight localities with respect to key magnitudes in the economy of tourism. One of its intrinsic endowments is the presence of non-Han nationalities. Besides Yunnnan, another inland province which has proved able to compete with the prosperous coastal provinces with respect to some tourist magnitudes is Shaanxi.

[7] It is true that a lot of the high numbers of tourist arrivals in the metropolitan cities are inflated by the visits of compatriots. For example, Chengdu, Guilin, Xi'an and Lhasa inland provinces are far less frequented by compatriots than Guangdong. (Gormsen 1990) It might sound contradictory but while overseas Chinese exhibit a consumption level 70% higher than that of other foreign tourists, Chinese compatriots and overseas Chinese visiting China, spend less on average because they may subscribe to highly discounted package tours or stay with relatives (Lam and Mao 2001 and Tisdell and Wen 1991). For example in 1986, only 5.4 million compatriots and Overseas Chinese were registered in hotels compared with 21.3 million border crossings, i.e. only one quarter of the Chinese descendants who visited China that year stayed in hotels (Gormsen 1990) What is more, compatriots—unlike foreigners—may visit places in small towns due to family ties there. Besides, most packaged tours for foreign visitors are limited to three four and five-star hotels while freelance compatriots and domestic tourists use the one and two-star hotels. Not to mention that foreign visitors are not allowed to stay in inexpensive hotels and hostels, which exist all over China.

[8] The province passed from 596,900 tourist arrivals in 1995 to 1,130,000 in 2001 which means that the number of tourist arrivals almost doubled in six years increasing at an annual rate of 11.2 % per year that is at 2.4% in excess of the average national rate of increase in the same period.

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